Cultural Impact on Management Styles: A cross-cultural study between Puerto Rico and Dominican Republic

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Abstract

The primary purpose of this research is to examine if there is any relationship between management styles and culture. The identification of this relationship maybe helpful in explaining managerial behavior decisions. Data from this study will be collected in both countries Puerto Rico and Dominican Republic. Implications for management styles and culture are under development.

1. Problem Statement

The world population has diversified in three ways: in genes, in language, and in cultures. Cultural diversification operates the fastest, but it still take periods of maybe 500 to 5000 years (Hofstede, 1984). In to many multinational companies, their barriers are cultural. Now more than ever it is necessary to be culturally sensitive in order to build and maintain mutually beneficial relationships in business, educational, and social environments (Hofstede, Pedersen, & Hofstede, G. J., 2002). According to Laroche (1998), communication, management style, and problem solving techniques also vary in different cultures. There differences in body language and gestures, differences in the meanings of exactly the same words and differences in the assumptions of similar situations. Laroche suggests that in-depth understanding of the cultural backgrounds of the people one is dealing with can increase the probability of business success among investors and workers operating in foreign cultures. Cultural studies and relevant training are very important in a multinational company’s operation.

2. Research Problem

This study will see the impact of culture on managerial styles by examining survey responses of managers from Dominican Republic and Puerto Rico in the tourism and banking industry.
According to Child (1981), observation that national culture was woefully underdeveloped conceptually for comparative research has been addressed in recent years with several attempts to conceptualize and measure differences in cultures among nations and to relate cultural differences to differences in management styles.

In this research, the study will include surveys to Senior Managers and Middle Managers from Dominican Republic and Puerto Rico from the hotel and banking industries. These industries are selected due to the importance for their economies and have subsidiaries in both areas. The study will consider the degree to which management follows patterns according with Hofstede’s theory.

3. Justification of the Research

1. Despite the growing interest in international comparative management of recent years, cross-cultural empirical studies between culture and managerial styles are limited (Child, 1981; Montesino, 2002).

2. Montesino (2002) did not find any study that approximates to a description of the management styles or organizational behavior of Dominican or Puerto Rican workers.

3. Besides few works about political culture and textbooks on administration (Amaro; Ovalle 1996), the related literature includes essays that have systematized individual experiences in some disciplines other than management, such as psychiatry (Zaglul, 1976), psychology (Zaiter (1992), sociology (Clime, 1994), experts opinions of divergent focus and origins (Harrison, 1985; Lopez, 1975; Wiarda, 1975) and some student theses (Amador, 2005; Niedziolek, 2005; Uniyama et al. 1984), but not related to the workplace behavior of Dominican or Puerto Rican workforce.

4. Objectives

   a) The primary objective of this research is to investigate the relationship of the cultural dimensions of Geert Hofstede in terms of individualism, power distance, uncertainty
avoidance, and masculinity with the managerial styles in Puerto Rico and Dominican Republic.

b) Identify the management styles in Puerto Rico and Dominican Republic.

c) What are the differences, if any, of the management styles in Puerto Rico and Dominican Republic.

d) Determine if there are any differences in managerial styles between managers of Puerto Rico and Dominican Republic. Also, if it can be explain with the cultural dimensions of Geert Hofstede.

e) Determine if the different management styles are different according with the different cultural values in each country.

5. Research Design

The sample use for the investigation will be banks and hotels in Puerto Rico and Dominican Republic. The sample size will be 25 managers from each country and industry. The unit sample will be manager that for the purpose of the study will be defined as responsible of the supervision of a least one employee is his/her organization. The statistical analysis will be Chi-square and ANOVA.

6. Review of the Literature

Management style is a complex measure which includes, among many others, certain attitudes towards motivation, responsibility, leadership, and control in dealing with organizational relationships. Yet, it’s often convenient to characterize a certain managerial style, and its implied set of attitudes, along a one-dimensional spectrum, e.g., autocratic versus democratic styles (De La Torre & Toyne, 1977). The idea of management styles was developed by Tannebaum and Schmidt (1958) who argued that the style of leadership is dependent upon prevailing circumstance. They identified the following styles:
a) Autocratic style: authoritarian manager makes all the decisions, keeping the information and decision making at the top level. Deery and Jago (2001) defined the autocratic management style as usually making decisions promptly, communicating decisions clearly and firmly, and depending on the staff members to carry out their decisions loyally and without difficulty. Thiagarajan and Deep (1970) described authoritarian or autocratic supervisors as individuals who utilize their power of office to impose their decisions on subordinates. Manager will like to maintain tight control often requiring detail reports (McBer and Co, 1980). According with Cropanzano, et. al (1999), in their overall evaluations on managerial styles, Dominican perceived no difference between participative or autocratic styles. The autocratic method was seen fairer than any of the others. Conversely, individuals from Dominican Republic tended to be somewhat more favorable toward an autocratic approach.

b) Paternalistic: the tendency of the style similar to the autocratic, the only difference is the decisions tend to be in the best interest of the members of the organizations rather than the business. Also managers with paternalistic approach have a large power distance and a collectivistic orientation with subordinates, but feel that it is their duty to watch over their subordinates, mentoring and supporting them, but ultimately making the decisions themselves (Hofstede, 1991). Managers in collectivistic societies with a large power distance do not manage individuals; they manage groups (Hofstede, 2001). Ideally the boss, in the subordinate's eyes, is a benevolent autocrat or “good father” (Hofstede, 1991). Likert (1967) used the term “benevolent authoritative system” where orders are issued and the opportunity for subordinates to comment may or may not exist.

a) Democratic style: the manager allows the participation of the employees on the decision making process; everything will be agreed by the group. Managers with this style usually make decisions promptly, but before proceeding, explain further to their member, giving reasons for their decisions and are willing to answer any questions
A manager with democratic style calls a meeting of other staff members when there are important decisions and discusses the problem and is very likely to accept the majority point of view decision (Vargas, 2005). In contrast with the paternalistic approach, subordinates in low power distance and individualistic society expects to be empowered, self-efficient, would prefer a democratic manager (Jaeger, 1986).

b) Laissez-faire management style: where the manager evades the duties of management and uncoordinated delegation occurs (Tannenbaum and Schmidt, 1958). This circumstance would likely be seen as unfair if, for no other reason, the manager was declining to provide needed assistance. Rather, a manager avoids a conflict when, after seeing the problem, he or she does not initiate an active intervention of some kind (Cropanzano, 1999). The laissez-faire manager is inactive, rather than reactive or proactive. He or she does not provide clear boundary conditions; may work alongside subordinates or withdraw into paperwork; and avoids, rather than shares, decision making. Under this type of leadership, the subordinates do not feel free to carry out their jobs as they see fit; instead, they feel uncertain about their own authority, responsibilities, and duties (Bass, 1990).

6.1. Dimensions of Cultural Variability

Geert Hofstede in his book “Culture’s Consequences” developed these keys dimensions of cultural variability:

1. Power Distance Index (PDI) defines the extent to which the less powerful members of institutions and organizations accept inequality in power and consider it as normal. High power distance cultures see power as a basic fact in society and stress coercive or referent power, while low power distance cultures believe power should be used only when it is legitimate and prefer expert or legitimate power. PDI is operationalized as the degree to which workers report being afraid to disagree with their managers, the extent to which bosses rely on autocratic means of decision making and the decision making style preferred by subordinates (Hofstede, 1984).
2. Uncertainty Avoidance Index (UAI) refers to the extent to which people within a culture are made nervous by situations they consider to be unstructured, unclear, or unpredictable and to the extent to which they try to avoid such situations by adopting strict codes of behavior and a belief in absolute truths. UAI is based upon three issues: the amount of stress workers report, perceived job stability, and importance of strict adherence to company rules. The degree of which cultures have a greater need for uncertainty avoidance should lead to structuring activities: formalization, specialization, and standardization, greater rule orientation, preference for clear instructions, and taking fewer risks (Hofstede, 1984). A high level of uncertainty avoidance indicates that subordinates prefer that goals, assignments, policies, and procedures are carefully detailed and pronounced. In low levels of uncertainty avoidance, subordinates can tolerate unclear descriptions of the goals, and processes (Oueini, 2005).

3. Masculinity (MAS) is based upon a set of “social-ego” work goals which are associated with either masculine or feminine cultures. High masculine countries place primary emphasis on goals related to acquisition of resources, while feminist cultures focus upon interpersonal needs, quality of life and concern for the weak. Masculine countries value independence and autonomy. In high masculine cultures roles are separate and independent, in feminine cultures roles are believe to overlap (Hofstede, 1984). Masculinity refers to the degree to which certain values such assertiveness, performance, and competitiveness prevail over feminine values such quality of life, warm personal relationships, service, and solidarity (Hofstede, 1994). When assertiveness level is high, subordinates will not feel comfortable with a nurturing and relationship-oriented culture.

4. Individualism (IDV) refers to the relationship between the individual and the collectivity that prevails in a given culture. At one end of the individualism continuum countries place primary importance on the needs and goals of the individual; on the other end of the continuum are those cultures that place primary importance on the needs and goals of the collectivity. Individualistic cultures assume individuals look after themselves, collectivist cultures are most concerned with in-groups which protect interests of its members and are tightly integrated (Hofstede, 1984). For example; in a
collectivist society, the workplace itself may become an in-group in the emotional sense of the word. The relationship between employer and employee is seen in moral terms. Therefore, poor performance of an employee in this relationship is no reason for dismissal; one does not dismiss a family member (Hofstede, 1994), the tendency is a paternalistic approach.

6.2. Puerto Rico studies and findings using the cultural values of Hofstede

Based on Hofstede’s study (2001), there have been more than 200 external comparative studies that support the results of his 1980’s book, which does not include Puerto Rico. This comparative study has occurred in business and non-business fields. Two studies tested Hofstede’s cultural dimensions in Puerto Rico samples (Franchi, 2003 & Matos Diaz, 2001).

One study that used the VSM 1994 which is a 26 item questionnaire develop for comparing culturally determined values of people from two or more countries or regions. This questionnaire was developed by Geert Hofstede. This Puerto Rican sample was develop by Franchi (2003), which compared the learning and performance styles Puerto Rican, Colombian, and American employees of Citibank and studied the role national cultural values on the learner’s preferred style (Franchi, 2003). The results of the study indicated a relationship between culture and the learner’s preferred style. Also the results shown were that the Puerto Rico sample was highly individualistic (88), feminine (33), had low power distance (12), with strong uncertainty avoidance (88), and medium high low term orientation (63). A survey of eighty-six MBA students at the University of Puerto Rico-Rio Piedras (UPR-RP) main campus found them to be medium high power distance (61), medium high individualistic (70), highly feminine (9) and with strong uncertainty avoidance (34). In this study, the author limited himself of the four original dimensions (Amador-Dubois, 2005). Based on the information (Amador-Dubois, 2005) assume that the general Puerto Rican culture has strong uncertainty avoidance, medium-high power distance, is medium-high in feminist, has short term orientation, and is medium in collectivism. Amador (2005) also decided to ask for the opinion of seven (7) College Professors knowledgeable on both Hofstede’s Dimensions and
Puerto Rican culture. The conclusions on the information gathered here, assumed that the general culture has strong uncertainty avoidance, medium power distance, has short term orientation, medium high in feminism, and is medium in collectivism, but there will be distinctive groups within the country which cultural values will be different. According with Kovacheva (2004), Puerto Rico has high degree of collectivism, high power distance, high uncertainty avoidance, and is masculine. Niedzoliek (2005), power distance (41) with a calibrated score with Hofstede’s studies of (66), uncertainty avoidance (66) with a calibrated score of (91), individuality (74) with a calibrated score of (26), and masculinity (53) with a calibrated score of (91).

6.3. Latin America on Hofstede’s Cultural Dimensions

In the context of Latin America managerial culture, there are certain factors that favor workplace, and others that hinder it. Among those that enhance it include the collectivistic nature of the culture, extended family arrangements, the sense of solidarity present in the culture, and some aspects of technology transfer from more developed countries (Montesino, 2003).

The dimension individualism-collectivism has been used to compare different clusters of countries on work-related variables (Hofstede, 1980; Hofstede, 1983). The cluster of Latin American countries studied by Jackofsky et al. (1988), Ronan & Shekar (1985, and Ronen & Kranut (1997), scored high in collectivism and low in individualism. In collectivistic societies, people see their organizations as family, the organizations defend their employee’s interest, organizational practices are based on loyalty, sense of duty, and group participation (Montesino, 2003). The collectivistic culture in Latin America in general extends to the work place.

On the other hand, Latin America has a high concentration of power in work organizations (Montesino, 2003). This tendency has been suggested in several studies that have included Latin American countries (Fuller, 1992; Hofstede, 1983; Jackofsky et al., 1988;
Otalora-Bay, 1986; Ronan & Shenkar, 1985). Hofstede’s study (1980) identified as “power distant” several countries in the region.

A study presented by Cropaanzano et al., (1999), examined disputant reactions to five third-party conflict tactics that could be used by managers with different nations. The authors hypothesized that people from relatively collectivistic nations would prefer different managerial interventions than those preferred by people from more individualistic nations. Also, predicted that disputants’ evaluations of the tactics would show a three-way interaction among type of tactic (adversarial, autocratic, advising, providing impetus, and avoidance). They make the investigation in Dominican Republic with 38 respondents. Dominicans perceived no difference between advising and autocratic. Dominicans gave both the advising and autocratic tactics more favorable evaluations than they did the adversarial, providing impetus and avoidance methods.

7. Hypotheses

The hypotheses that will be tested in base on that the interaction between cultures may cause a significant variation in management styles according with cultural variations between Puerto Rico and Dominican Republic.

H1. Puerto Rico because is an individualistic country, the managers will have democratic management style. Dominican Republic is collectivist country and will have a paternalistic management style.

H2. Puerto Rico because is a feminine country will have a democratic management style. Dominican Republic is a masculine country and will have a paternalistic managerial style.

H3. Puerto Rico because have low power distance will have a democratic management style. Dominican Republic have high power distance and will a paternalistic management style.
H4. Puerto Rico because have a strong uncertainty avoidance will have a democratic management style. Dominican Republic have low uncertainty avoidance will have a paternalistic management style

8. Research Methodology

The basic research problem of this study focuses on finding the management style of the Puerto Rican and Dominican managers. The basic casual or independent variables investigated in this study include: 1) cultural origin of manager, Dominican or Puerto Rican; 2) age of respondents, to see differences and significance of different generations; 3) the organization size, to examine the impact of management styles of small and large organizations; and 4) the level of management position, to determine if movement on the managerial hierarchy has bearing of the style of management. Managers from two cultures, the Dominican Republic and Puerto Rico will be study.

The primary purpose of this research is to examine Puerto Rican and Dominican cultural dimensions. Another purpose is to extend Hofstede’s research by acquiring new, cross-culturally comparative data on fundamental dimensions of each culture.

Sample

The samples for this test will include respondents from both countries are different managerial levels, age, cultural origin, and organization size. That is, each respondent will be matched as closely as possible. The participants will be as similar demographically in order to reduce potential confounds (Kolman et al., 2003). Participant qualification for inclusion in the study will require the following: a) participants have to be citizens of the country under review; b) participants have to be working for the same company, and c) participants will have to voluntary complete the survey. The sample for this research will include 25 respondents from the banking industry and 25 respondents from the hotel industry from Puerto Rico and Dominican Republic, one each. Unit sample is manager and for the purpose of this study will be defined as manager, the person responsible of the supervision of at least one employee under his/her supervision. Respondents will be selected on the basis of a random sampling to
minimize bias and ensure equal probability of selection within the sample. The goal of this process was 25 returns for each of the survey instruments per population to ensure statistical validity. Variables

The independent variables are management styles of countries under study (Puerto Rico and Dominican Republic). The independent variables are Hofstede’s (1980, 1984) four original measures of cultural values (Power Distance, Individualism, Uncertainty Avoidance, and Masculinity). Independent variables tend to cause and influence the outcomes while dependent variables are considered the result of the influence of the independent variables.

8.1. Instrumentation

The Fleishman’s (1957) Leadership Opinion Questionnaire (LOQ) will be use as the instrument for the collection of the data. The LOQ has two parts; a demographic section (five questions) and a leadership opinion questionnaire (40 questions).

The LOQ has been widely used as an instrument in international studies (Parker, 1994). Bass (1990) noted that the short questions made the two dimensions of the questionnaire valid and with reliable scale. Tenopyr (1969) indicated that the validity and internal consistency of the LOQ was high.

8.2. Summary and Conclusions

After reviewing survey responses, the two way ANOVA was used to test the hypotheses. As a result of national cultural differences, significant differences as shown in sixteen of the forty questions of the LOQ. The Puerto Rican managers demonstrate Medium consideration and Low Initiating Structure. On the other hand managers from Dominican Republic demonstrate Medium consideration and High initiating structure. Therefore, there was a significant difference in Initiating Structure and Consideration leadership style due to country of nationality interaction. According with the ANOVA study Puerto Rico has a medium Consideration and low Initiating Structure over Dominican Republic. The mean scores in Consideration where
higher on 10 out of 20 questions. The mean scores for the consideration questions where
higher on 50%

of the time for the Puerto Rican managers, and 50% of the mean score was higher for the
Dominican Republic managers. The means scores for the Initiating Structure questions where
higher 55% of the time for the Dominican Republic Managers, only 45% of the mean score
was higher for the Puerto Rico managers. However the difference of the mean scores is
proves to be insignificant. The ANOVA shows an F-test using a critical alpha of .05. The
significance was shown on 45% of the questions that supported the hypotheses presented for
the Consideration questions. The significance was shown on 40% of the questions that
supported the hypotheses presented for the Initiating Structure questions. Also, there were a
some differences in the Initiating Structure and Consideration leadership style due to gender
and country of nationality. The hypotheses presented are partially supported using the ANOVA
testing.

Hypothesis one (H1) stated that Puerto Rico because is an individualistic country, the
managers will have a democratic management style. Dominican Republic is a collectivist
country and will have a paternalistic management style. Hypothesis testing using the two–
tailed T-test for equality of means indicated that there is a significant difference between
Puerto Rico and Dominican Republic managers. Accordingly, hypothesis one was rejected.

Hypothesis two (H2) stated that Puerto Rico because is a feminine country will have a
democratic management style. Dominican Republic is a masculine country and will have a
paternalistic managerial style. Hypothesis testing using the two–tailed T-test for equality of
means indicated that there is a significant difference between Puerto Rico and Dominican
Republic managers. After the analysis, hypothesis two was accepted.

Hypothesis three (H3) stated that Puerto Rico because have low power distance will have a
democratic management style. Dominican Republic have high power distance and will a
paternalistic management style. Hypothesis testing using the two–tailed T-test for equality of
means indicated that there is a significant difference between Puerto Rico and Dominican Republic managers. After the analysis, hypothesis three was accepted.

Hypothesis four (H4) stated that Puerto Rico because have a strong uncertainty avoidance will have a democratic management style. Dominican Republic have low uncertainty avoidance will have a paternalistic management style. Hypothesis testing using the two–tailed T-test for equality of means indicated that there is a significant difference between Puerto Rico and Dominican Republic managers. Accordingly, hypothesis four was rejected.

8.3. Possible Limitations

A potential limitation of the study is that only self-reported responses will be measured, rather than actual observations in the workplace (Niedziolek, 2005). This made a similar study about national culture in Puerto Rico and pointed this limitation seems to be valid. Additionally, cultures may have different response patterns when responding to questionnaires.

Indeed, Hofstede’s study itself has met some criticism. The five standards criticisms of his approach, which also are relevant to the proposed research, are follows: a) Surveys are not a suitable way of measuring cultural differences, b) Nations are not the best units for studying cultures, c) A study of subsidiaries of one company cannot provide information about entire national cultures, d) The IBM data are old and therefore obsolete, and e) Four or five dimensions are not enough (Hofstede, 2001, p.73).

Also, people’s response to rating scales can be influenced by content-irrelevant factors that serve to bias responses. Bias due to response set occurs when a respondent is motivated to answer in a certain way. These are some samples of the response errors:

1. Leniency: the tendency to rate something to high or too low.
2. Central tendency: reluctance to give extreme scores.
3. Proximity: give similar responses to items that occur close to one another.
This study looks at differences in the use of extreme categories across cultures in a measure of management styles.

APPENDIX 1

Relationship of Management and Cultural Dimensions

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<thead>
<tr>
<th>Management Styles</th>
<th>Paternalistic</th>
<th>Autocratic</th>
<th>Democratic</th>
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<td>(+) INDV</td>
<td>(+) INDV</td>
</tr>
<tr>
<td>Individualism/Collectivism</td>
<td>(+) PD</td>
<td>(+) PD</td>
<td>(-) PD</td>
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<td>Power Distance</td>
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<td>(-) UA</td>
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<tr>
<td>Masculine/ Feminism</td>
<td>(+) MASC</td>
<td>(+) MASC</td>
<td>(-) MASC</td>
</tr>
</tbody>
</table>

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